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NEWS RELEASE

Balanced Budget 2013 invests in families

VICTORIA — *Balanced Budget 2013* delivers on government's commitment to balance the budget while investing in early childhood development and helping B.C. families save for their children's future training and education, Finance Minister Michael de Jong announced today.

Savings from spending controls have achieved an improved deficit forecast of \$1.2 billion in 2012-13. Beginning in 2013-14, continued spending discipline, targeted tax increases, net economic growth, and the successful sale of surplus government properties and assets combine to eliminate the deficit and deliver progressively larger forecast surpluses all three years of the fiscal plan:

- \$197 million in 2013-14.
- \$211 million in 2014-15.
- \$460 million in 2015-16.

Within the balanced budget, government is introducing new measures to benefit B.C. families and help make family life more affordable, including:

- The B.C. Training and Education Savings Grant, a one-time \$1,200 grant toward a B.C. resident child's Registered Education Savings Plan after the child turns six years old. Payments are made from the Children's Education Fund, established in 2007.
- A new B.C. Early Childhood Tax Benefit will provide \$146 million to approximately 180,000 families with children under six years old, effective April 1, 2015. Families with young children can receive up to \$55 per child, per month. Most will receive the full amount, while those with family incomes between \$100,000 and \$150,000 a year will receive a partial benefit. About 90 per cent of B.C. families with young children are expected to be eligible.
- B.C.'s new Early Years Strategy will invest \$76 million over three years to support the creation of new child care spaces and improve the quality of child care and early years services. Included within this, \$32 million will support the creation of new child care spaces and \$37 million will improve the quality of services available.

Savings of close to \$1.1 billion have been identified in ministries and Crown agencies over the three years of the fiscal plan. *Budget 2013* puts about half of these savings toward achieving the balanced budget, and about half (\$497 million) to investments in families, jobs and economic growth. These measures include:

- \$60 million in new and reallocated funding to continue the Sports and Arts Legacy Fund first introduced in *Budget 2010*.
- An additional \$52 million over three years for increased RCMP policing costs to maintain existing front-line services, including officers hired to combat organized crime and gang activity.
- An additional \$18 million for the recently announced B.C. Creative Futures, to fund programming aimed at increasing youth participation in the arts.
- An additional \$13 million over three years to support the renewal and renovation of 13 provincially owned Single Room Occupancy (SRO) hotels in Vancouver's Downtown Eastside to assist with temporary relocation of residents as well as fund the annual service payments.
- An additional \$5 million to fund enhanced treatment, counselling, and prevention services to address problem gambling.
- An additional \$12 million over three years to complete funding for the medical expansion program, fulfilling a commitment from 2001.
- \$20 million to provide carbon tax relief for commercial greenhouse vegetable and flower growers. In addition, government intends to provide a carbon tax exemption for farmers for the same coloured motor fuels, and uses, they are currently able to purchase exempt from motor fuel tax.

The B.C. government's balanced budget plan constrains spending growth to an annual average of 1.5 per cent over the next three years, while continuing to protect health and education services.

Savings and efficiencies in health spending will keep the growth of the Ministry of Health budget to an annual average of 2.6 per cent—adding about \$2.4 billion over the fiscal plan to reach \$17.4 billion in 2015-16. B.C. continues to achieve key health outcomes that lead the country while maintaining the second lowest rate of health spending per capita among provinces.

The Education budget will continue to rise over the three-year fiscal plan to nearly \$5.4 billion. To support the continued transformation of education, the B.C. government will invest \$210 million in the Learning Improvement Fund over three years. A new \$1 million investment in the school fruit and vegetable nutritional program will further support student health and nutrition by adding local milk to the program.

To help achieve the balanced budget, government is making some targeted tax changes, including:

- Increasing the general corporate income tax rate to 11 per cent from the current 10 per cent, effective April 1, 2013. Despite the increase, the general corporate income tax rate will still be 33 per cent lower than in 2001, and B.C. will continue to have among the lowest corporate income tax rates in Canada.
- A two-year increase in the personal income tax rate for individuals earning more than \$150,000. Rates will increase by 2.1 percentage points to 16.8 per cent, starting January 1, 2014. B.C. continues to have the lowest provincial personal income taxes in Canada up to \$122,000 a year.
- Increasing taxes on tobacco by \$2 a carton, effective October 1, 2013.
- Phasing out school property tax credits for light industry (class five) for the 2013 tax year.

Taxpayer-supported capital spending on schools, hospitals and other infrastructure across the province over the next three years is expected to total \$10.4 billion. By eliminating the deficit, controlling capital spending and starting to reduce the province's need to borrow, *Budget 2013* forecasts British Columbia's taxpayer-supported debt-to-GDP ratio will peak at 18.3 per cent in 2014-15, and decline to 18.1 per cent in 2015-16. The taxpayer-supported debt-to-GDP ratio is a key measure of affordability, and effectively managing this ratio helps maintain B.C.'s triple-A credit rating.

The economic and revenue projections for *Budget 2013* were reviewed and assessed by nationally respected economist Dr. Tim O'Neill. Dr. O'Neill concluded that the Province's revenue projections, processes, methodologies and assumptions are generally well-founded, with the exception of the national gas forecast. In response to Dr. O'Neill's recommendations, government added additional prudence to the *Budget 2013* forecast for natural gas prices.

The government forecasts British Columbia's economy will grow by 1.6 per cent in 2013, 2.2 per cent in 2014 and 2.5 per cent in 2015—a forecast that is prudent relative to the independent British Columbia Economic Forecast Council.

Minister of Finance Michael de Jong:

“More than a decade of prudent fiscal management has paid off for B.C. While other jurisdictions are postponing balanced budgets to later years, we are in the enviable position of having a balanced budget and are in a much better place than most to manage the ongoing global volatility and uncertainty.

“Over the next three years, total revenue is expected grow by an average of three per cent annually. But we will continue to hold the line on spending, by increasing expenditures an average of just 1.5 per cent a year over the three-year fiscal plan.

“Making difficult choices to achieve savings gives us the means to invest in the priorities of British Columbians—families, children, and helping those children find meaningful jobs. We are also creating a great incentive to encourage families to start saving for their children’s higher education sooner with the new B.C. Training and Education Savings Grant.”

Learn More:

For the Finance Minister’s speech and more details on *Budget 2013*, visit www.bcbudget.ca

Visit the Province’s website at www.gov.bc.ca for online information and services.

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